

**CHARTER TOWNSHIP OF MARQUETTE,
MICHIGAN**

**FINANCIAL STATEMENTS
For the Year Ended December 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of the
Charter Township of Marquette, Michigan
161 Township Road 492
Marquette, Michigan 49855

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Marquette, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Marquette, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting Principals used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan as of December 31, 2007, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting Principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2008 on our consideration of the Charter Township of Marquette, Michigan's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Board of Trustees of the
Charter Township of Marquette, Michigan

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 38 through 40, are not a required part of the basic financial statements but are supplementary information required by accounting Principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Marquette, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 1, 2008

Charter Township of Marquette, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Charter Township of Marquette, Michigan's financial performance provides an overview of the Charter Township of Marquette, Michigan's financial activities for the year ended December 31, 2007. Please read it in conjunction with the financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Net assets for the Charter Township of Marquette as a whole increased by \$526,117 as a result of this year's operations. Net assets of our business-type activities increased by \$526,852, or 8 percent, and net assets of our governmental activities decreased by \$735, or 1 percent.
- During the year, the Charter Township of Marquette had expenses for governmental activities that were \$1,867,319 which is \$735 more than the \$1,866,584 generated in program revenue sources.
- During the year, the Charter Township of Marquette had expenses for business-type activities that were \$1,634,491 which is \$526,852 less than the \$2,161,343 generated in program revenue sources.
- The General Fund reported a net fund balance of \$348,348, which is an increase of \$100,695 as a result of this year's operation.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Charter Township of Marquette, Michigan as a whole and present a longer-term view of the Charter Township of Marquette, Michigan's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for the future spending. Fund financial statements also report the Charter Township of Marquette, Michigan's operations in more detail than the government-wide financial.

Reporting the Charter Township of Marquette as a Whole

Our analysis of the Charter Township of Marquette, Michigan as a whole begins on page 6. One of the most important questions asked about the Charter Township of Marquette, Michigan's finances is "Is the Charter Township of Marquette, Michigan as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Charter Township of Marquette, Michigan as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Charter Township of Marquette, Michigan's *net assets* and changes in them. You can think of the net assets - the difference between assets and liabilities - as one way to measure the financial health, or *financial position*. Over time, *increases or decreases* in the net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the patron base and the condition of the capital assets, to assess the *overall financial health* of the Charter Township of Marquette, Michigan.

In the Statement of Net Assets and the Statement of Activities, we divide the Charter Township of Marquette, Michigan into two kinds of activities:

- **Governmental Activities** – Most of the Charter Township of Marquette, Michigan's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Charter Township of Marquette, Michigan charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Charter Township of Marquette's Water System, Sewer System and Solid Waste Disposal activities are reported here.

Charter Township of Marquette, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table I provides a summary of the Charter Township of Marquette's net assets as of December 31, 2007 and 2006.

Table 1
Statement of Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 2,203,185	\$ 3,293,738	\$ 5,496,923	\$ 1,854,319	\$ 3,682,063	\$ 5,536,382
Capital Assets, Net	2,082,094	9,326,970	11,409,064	1,713,879	8,396,982	10,110,861
Total Assets	4,285,279	12,620,708	16,905,987	3,568,198	12,079,045	15,647,243
Current liabilities	1,849,321	850,254	2,699,575	1,532,990	839,331	2,372,321
Non-Current Liabilities	1,114,743	4,731,578	5,846,321	713,258	4,727,689	5,440,947
Total Liabilities	2,964,064	5,581,832	8,545,896	2,246,248	5,567,020	7,813,268
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	729,950	4,205,731	4,935,681	1,070,318	3,380,350	4,450,668
Restricted	-	-	-	-	354,234	354,234
Unrestricted	591,265	2,833,145	3,424,410	251,632	2,777,441	3,029,073
Total Net Assets	\$ 1,321,215	\$ 7,038,876	\$ 8,360,091	\$ 1,321,950	\$ 6,512,025	\$ 7,833,975

Net assets of the Charter Township of Marquette, Michigan's governmental activities stood at \$1,321,215. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$591,265.

The \$591,265 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$7,038,876. The Charter Township of Marquette can generally only use these net assets to finance continuing operations of the Water System, Sewer System and Solid Waste Disposal operations.

The results of this year's operations for the Charter Township of Marquette as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2006.

Table 2
Statement of Activities

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$ 42,890	\$ 1,886,302	\$ 1,929,192	\$ 40,213	\$ 1,626,583	\$ 1,666,796
Operating Grants and Contributions	4,898	-	4,898	-	-	-
Capital Grants and Contributions	93,544	-	93,544	-	73,260	73,260
General Revenues:						
Property taxes	1,331,415	-	1,331,415	1,128,123	-	1,128,123
State Sources	278,601	-	278,601	239,994	-	239,994
Interest and Investment Earnings	46,670	130,052	176,722	41,952	108,814	150,766
Miscellaneous	22,734	190,821	213,555	72,616	247,581	320,197
Total Revenues	\$ 1,820,752	\$ 2,207,175	\$ 4,027,927	\$ 1,522,898	\$ 2,056,238	\$ 3,579,136

Charter Township of Marquette, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Expenses:						
Legislative	\$ 61,456	\$ -	\$ 61,456	\$ 72,755	\$ -	\$ 72,755
General Services and administration	516,850	-	516,850	585,457	-	585,457
Public Safety	482,571	-	482,571	464,967	-	464,967
Public Works	12,928	-	12,928	12,155	-	12,155
Community and Economic Development	625,606	-	625,606	-	-	-
Health and Welfare	-	-	-	-	-	-
Recreation and Culture	144,793	-	144,793	132,726	-	132,726
Debt Service	8,578	-	8,578	53,889	-	53,889
Other Expense	13,950	-	13,950	105,378	-	105,378
Capital Outlay	587	-	587	-	-	-
Wastewater Treatment	-	495,929	495,929	-	482,722	482,722
Water system	-	845,409	845,409	-	705,259	705,259
Solid waste disposal	-	291,691	291,691	-	263,860	263,860
Storm water	-	1,462	1,462	-	-	-
Total Expenses	1,867,319	1,634,491	3,501,810	1,427,327	1,451,841	2,879,168
Transfers	45,832	(45,832)	-	57,000	(57,000)	-
Increase (decrease) in net assets	(735)	526,852	526,117	152,571	547,397	699,968
Net assets, beginning,	1,321,950	6,512,024	7,833,974	1,169,379	5,964,628	7,134,007
Net Assets, Ending	\$ 1,321,215	\$ 7,038,876	\$ 8,360,091	\$ 1,321,950	\$ 6,512,025	\$ 7,833,975

The Charter Township of Marquette's total revenues were \$4,027,927. The total cost of all programs and services was \$3,501,810, leaving an increase in net assets of \$526,117. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The Governmental Activities experienced a decrease in net assets for the year of \$735.

Key reasons for the change in net assets are as follows:

- Net Increase in governmental fund balances of \$155,138
- Capital Outlay reclassified to Capital Assets of \$471,113
- Depreciation charged to expenses of \$102,898
- Principal payments reclassified from expenses to liability \$167,974
- Recording change in accrued interest of \$27,793
- Change in compensated absences of \$10,372
- Reclassifying loan proceeds from revenue to liability of \$709,483

Business-type Activities

The Business-Type Activities experienced an increase in net assets for the year of \$526,852.

Key reasons for the change in net assets are as follows:

- Higher than budgeted revenue from Water and Wastewater sales, interest income and the Grandview Water project special assessment.

THE CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN'S FUNDS

Our analysis of the Charter Township of Marquette, Michigan's major funds begins on page 12. The fund financial statements provide detail information about the most significant funds, not the Charter Township of Marquette, Michigan as a whole. The Board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Charter Township of Marquette, Michigan's major funds includes the General Fund, Fire Fund, Township Improvement fund, Water Fund, Sewer Fund, and Solid Waste Fund.

Charter Township of Marquette, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Governmental Funds had a net income for the year of \$155,158. The main reasons were the inclusion of another State Revenue sharing payment for the months of November and December \$41,563; the capital expenditures that were budgeted but not purchased \$85,046; and interest income higher than projected \$21,530.

General Fund Budgetary Highlights

Over the course of the year, the Charter Township of Marquette, Michigan did revise the budget.

There were several significant budget variances during the fiscal year. Revenues were \$77,332 more than budgeted due to the aforementioned Revenue sharing \$41,563; the cable TV franchise fee \$12,808; interest \$9,872; as well as other minor ones. Expenditures were \$74,047 less than budgeted, mainly due to unspent capital outlay of \$39,009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007 and 2006, the Charter Township of Marquette had \$11,409,064 and \$10,510,115 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment. (See table 3 below).

Table 3
Capital Assets

	2007	2006
Construction in progress	\$ 146,376	\$ 45,019
Land	1,760,756	1,411,756
Land improvements	587,498	587,498
Investment in Waste Water Treatment Facility	279,167	265,514
Buildings and improvements	268,965	288,333
Vehicles	331,500	423,533
Furniture and equipment	138,015	36,377
Infrastructure	7,816,364	7,363,366
Investment in MCSWF	80,423	88,720
TOTAL	<u>\$ 11,409,064</u>	<u>\$ 10,510,116</u>

There were no deletions to Capital Assets during the current year, and additions totaling \$1,258,510, there was \$82,436 in various wastewater assets, \$603,604 for various water lines and meters, and, \$101,357 for Construction in Progress of Various Water & Sewer Projects, \$349,000 for a land purchase, \$122,113 for new equipment for general government, including server upgrades, radios, and radio base station and depreciation expense of \$359,562 recorded during the year. Further details on capital assets can be found in the Footnotes to the Financial Statements.

Debt

At the end of fiscal year 2007 and 2006, the Charter Township of Marquette, Michigan had \$6,473,383 and \$5,954,682 in bonds outstanding as depicted in Table 4 below.

Table 4
Long-Term Debt

	2007	2006
Fire Truck Installment Note	\$ 71,382	\$ 106,162
Wild Land Pumper Installment Note	51,438	67,000
Badger Creek Drain Bond	113,610	167,073
2004 Land Purchase Note	431,200	470,400

Charter Township of Marquette, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

	2007	2006
Corner Stone Property Note	\$ 324,031	\$ -
Fair Avenue Project Note	360,483	-
1998A Sewer Bond	539,886	700,345
1998 Sewer Bond	8,483	16,965
Water Land Purchase Note	208,000	224,000
Drinking Water Bond	4,145,000	4,174,184
2007 Grandview Water Bond	200,000	-
Landfill Bond	19,870	28,552
TOTAL	<u>\$ 6,473,383</u>	<u>\$ 5,954,681</u>

There were new additions to debt for this year in the amount of \$1,070,298 and principal payments were \$551,597; to pay for the water improvement, cornerstone land purchase and reconstruction of Fair Avenue. Further details on long-term debt can be found in the Footnotes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Charter Township of Marquette, Michigan's budget for the year ending December 31, 2008, the Charter Township of Marquette, Michigan considered the following issues:

- We reviewed the fiscal year 2006 and 2007 budget vs. actual and budgeted roughly the same amounts, except for some minor variances.

CONTACTING THE CHARTER TOWNSHIP OF MARQUETTE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Charter Township of Marquette, Michigan's finances and to show the accountability for the money it receives. If you have questions about this report or need additional information, contact the Charter Township of Marquette, 161 Township Road 492, Marquette, Michigan 49855

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 900,223	\$ 2,760,206	\$ 3,660,429	\$ 38,153
Cash and cash equivalents - restricted	-	-	-	-
Receivables (net)	1,388,833	339,002	1,727,835	-
Due from other funds	(102,500)	102,500	-	-
Deferred refunding bonds	-	78,729	78,729	-
Prepaid	16,629	13,301	29,930	-
TOTAL CURRENT ASSETS	2,203,185	3,293,738	5,496,923	38,153
Non-current assets:				
Capital assets, net of accumulated depreciation	2,082,094	9,326,970	11,409,064	-
Total Capital Assets	2,082,094	9,326,970	11,409,064	-
TOTAL NON-CURRENT ASSETS	2,082,094	9,326,970	11,409,064	-
TOTAL ASSETS	4,285,279	12,620,708	16,905,987	38,153
LIABILITIES				
Current Liabilities:				
Accounts payable	95,516	98,035	193,551	11,937
Accrued liabilities	16,445	12,921	29,366	-
Accrued interest payable	-	34,967	34,967	-
Deferred revenue	1,434,851	191,064	1,625,915	-
Current portion of bonds payable	279,690	389,661	669,351	-
Current portion of compensated absences	22,819	48,074	70,893	-
Security deposits	-	75,532	75,532	-
TOTAL CURRENT LIABILITIES	1,849,321	850,254	2,699,575	11,937
Non-current Liabilities:				
Compensated absences	42,289	-	42,289	-
Bonds payable	1,072,454	4,731,578	5,804,032	-
TOTAL NON-CURRENT LIABILITIES	1,114,743	4,731,578	5,846,321	-
TOTAL LIABILITIES	2,964,064	5,581,832	8,545,896	11,937
NET ASSETS				
Invested in capital assets net of related debt	729,950	4,205,731	4,935,681	-
Restricted for:				
Debt Service	-	-	-	-
Unrestricted	591,265	2,833,145	3,424,410	26,216
TOTAL NET ASSETS	\$ 1,321,215	\$ 7,038,876	\$ 8,360,091	\$ 26,216

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business Type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 61,456	\$ -	\$ -	\$ -	\$ (61,456)	\$ -	\$ (61,456)	\$ -
General services and administration	516,850	26,968	-	14,204	(475,678)	-	(475,678)	-
Public safety	482,571	15,922	4,898	79,340	(382,411)	-	(382,411)	-
Public works	12,928	-	-	-	(12,928)	-	(12,928)	-
Community and economic development	625,606	-	-	-	(625,606)	-	(625,606)	-
Recreation and culture	144,793	-	-	-	(144,793)	-	(144,793)	-
Other	13,950	-	-	-	(13,950)	-	(13,950)	-
Capital outlay	587	-	-	-	(587)	-	(587)	-
Debt Service	8,578	-	-	-	(8,578)	-	(8,578)	-
Total Governmental Activities	1,867,319	42,890	4,898	93,544	(1,725,987)	-	(1,725,987)	-
Business Type Activities:								
Water	845,409	1,048,056	-	-	-	202,647	202,647	-
Solid Waste	291,691	217,694	-	-	-	(73,997)	(73,997)	-
Wastewater Treatment	495,929	620,552	-	-	-	124,623	124,623	-
Storm Water	1,462	-	-	-	-	(1,462)	(1,462)	-
Metro	-	-	-	-	-	-	-	-
Total Business Type Activities	1,634,491	1,886,302	-	-	-	251,811	251,811	-
TOTAL PRIMARY GOVERNMENT	\$ 3,501,810	\$ 1,929,192	\$ 4,898	\$ 93,544	(1,725,987)	251,811	(1,474,176)	-
Component Units:								
DDA Debt	10,878	-	-	-	-	-	-	(10,878)
DDA	1,821	60	-	-	-	-	-	(1,761)
Total Component Units	\$ 12,699	\$ 60	\$ -	\$ -	-	-	-	(12,639)
General Revenues:								
Taxes					1,331,415	-	1,331,415	-
Unrestricted State sources					278,601	-	278,601	-
Interest and investment earnings					46,670	130,052	176,722	676
Miscellaneous					22,734	190,821	213,555	-
Transfers					45,832	(45,832)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,725,252	275,041	2,000,293	676
CHANGE IN NET ASSETS					(735)	526,852	526,117	(11,963)
Net assets, beginning of year					1,321,950	6,512,024	7,833,974	38,179
NET ASSETS, END OF YEAR					\$ 1,321,215	\$ 7,038,876	\$ 8,360,091	\$ 26,216

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2007

	General Fund	Fire Fund	Township Improvement Fund	Non-Major Liquor Law Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 405,527	\$ 254,293	\$ 235,523	\$ 4,880	\$ 900,223
Receivables	95,501	5,558	6,357	-	107,416
Taxes receivable	929,570	347,858	-	-	1,277,428
Due from other funds	3,989	-	-	-	3,989
Prepaid expense	15,121	1,508	-	-	16,629
TOTAL ASSETS	\$ 1,449,708	\$ 609,217	\$ 241,880	\$ 4,880	\$ 2,305,685
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 48,897	\$ 7,971	\$ 38,648	\$ -	\$ 95,516
Due to other funds	-	-	102,500	-	102,500
Accrued payroll and related	11,974	4,471	-	-	16,445
Deferred revenue	1,040,489	394,362	-	-	1,434,851
TOTAL LIABILITIES	1,101,360	406,804	141,148	-	1,649,312
FUND BALANCE:					
Unrestricted	348,348	202,413	100,732	4,880	656,373
TOTAL FUND BALANCE	348,348	202,413	100,732	4,880	656,373
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,449,708	\$ 609,217	\$ 241,880	\$ 4,880	\$ 2,305,685

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2007

Total Fund Balances for Governmental Funds	\$	656,373
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,082,094
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Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	\$	279,690	
Accrued interest payable		22,819	
Compensated absences		42,289	
Bonds payable		1,072,454	
			(1,417,252)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	1,321,215
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Fire Fund	Township Improvement Fund	Non-Major Liquor Law Fund	Total Governmental Funds
REVENUES:					
Taxes	\$ 975,971	355,444	\$ -	\$ -	\$ 1,331,415
Federal sources	14,204	79,340	-	-	93,544
State sources	278,601	-	-	4,898	283,499
Charges for services	26,968	15,922	-	-	42,890
Interest	25,433	9,338	11,811	88	46,670
Other	20,985	1,749	-	-	22,734
TOTAL REVENUES	1,342,162	461,793	11,811	4,986	1,820,752
EXPENDITURES:					
Current operations:					
Legislative	61,456	-	-	-	61,456
General services and administration	494,834	-	-	-	494,834
Public safety	114,228	425,539	-	-	539,767
Public works	12,928	-	-	-	12,928
Community and economic development	45,128	-	580,478	-	625,606
Recreation and culture	144,793	-	-	-	144,793
Other	13,950	-	-	-	13,950
Capital outlay	24,591	-	-	-	24,591
Debt service	154,004	-	-	-	154,004
TOTAL EXPENDITURES	1,065,912	425,539	580,478	-	2,071,929
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	276,250	36,254	(568,667)	4,986	(251,177)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	360,483	-	360,483
Transfers in	54,730	-	230,285	-	285,015
Transfers (out)	(230,285)	(4,000)	-	(4,898)	(239,183)
TOTAL OTHER FINANCING SOURCES (USES)	(175,555)	(4,000)	590,768	(4,898)	406,315
CHANGE IN FUND BALANCE	100,695	32,254	22,101	88	155,138
Fund balance, beginning of year	247,653	170,159	78,631	4,792	501,235
FUND BALANCE, END OF YEAR	\$ 348,348	\$ 202,413	\$ 100,732	\$ 4,880	\$ 656,373

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 155,138

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 471,113	
Depreciation expense	(102,898)	
Gain (loss) on disposal	-	
	<hr/>	368,215

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

167,974

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

27,793

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(10,372)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.

(709,483)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ (735)

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

Business - Type Activities						
Enterprise Funds						
				Non-Major		
	Water Fund	Solid Waste Fund	Wastewater Treatment Fund	Storm Water Fund	Metro Fund	Total Enterprise Funds
ASSETS:						
Current Assets:						
Cash and cash equivalents	\$ 1,254,157	\$ 192,625	\$ 1,244,909	\$ 48,224	\$ 20,291	\$ 2,760,206
Taxes receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Utility receivable	16,711	30,094	31,258	-	-	78,063
Special assessments	179,088	-	81,851	-	-	260,939
Due from other funds	-	102,500	-	-	-	102,500
Deferred refunding bonds	-	-	78,729	-	-	78,729
Prepaid expense	7,493	224	5,584	-	-	13,301
TOTAL CURRENT ASSETS	<u>1,457,449</u>	<u>325,443</u>	<u>1,442,331</u>	<u>48,224</u>	<u>20,291</u>	<u>3,293,738</u>
Non-current Assets:						
Capital assets, net of accumulated depreciation	6,303,277	80,423	2,943,270	-	-	9,326,970
TOTAL NON-CURRENT ASSETS	<u>6,303,277</u>	<u>80,423</u>	<u>2,943,270</u>	<u>-</u>	<u>-</u>	<u>9,326,970</u>
TOTAL ASSETS	<u>7,760,726</u>	<u>405,866</u>	<u>4,385,601</u>	<u>48,224</u>	<u>20,291</u>	<u>12,620,708</u>
LIABILITIES:						
Current Liabilities:						
Accounts payable	67,988	9,102	20,407	538	-	98,035
Due to other funds	-	-	-	-	-	-
Customer deposits	61,312	14,220	-	-	-	75,532
Accrued payroll and related liabilities	7,220	522	5,179	-	-	12,921
Compensated absences	24,897	-	23,177	-	-	48,074
Current portion of bonds payable	216,000	9,453	164,208	-	-	389,661
Accrued interest payable	31,156	-	3,811	-	-	34,967
Deferred revenue	191,064	-	-	-	-	191,064
TOTAL CURRENT LIABILITIES	<u>599,637</u>	<u>33,297</u>	<u>216,782</u>	<u>538</u>	<u>-</u>	<u>850,254</u>
Non-current Liabilities:						
Bond payable	4,337,000	10,417	384,161	-	-	4,731,578
TOTAL NON-CURRENT LIABILITIES	<u>4,337,000</u>	<u>10,417</u>	<u>384,161</u>	<u>-</u>	<u>-</u>	<u>4,731,578</u>
TOTAL LIABILITIES	<u>4,936,637</u>	<u>43,714</u>	<u>600,943</u>	<u>538</u>	<u>-</u>	<u>5,581,832</u>
NET ASSETS:						
Invested in capital assets net of related debt	1,750,277	60,553	2,394,901	-	-	4,205,731
Restricted - debt service	-	-	-	-	-	-
Unrestricted	1,073,812	301,599	1,389,757	47,686	20,291	2,833,145
TOTAL NET ASSETS	<u>\$ 2,824,089</u>	<u>\$ 362,152</u>	<u>\$ 3,784,658</u>	<u>\$ 47,686</u>	<u>\$ 20,291</u>	<u>\$ 7,038,876</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2007

	Business - Type Activities Enterprise Funds					Total Enterprise Funds
	Water Fund	Solid Waste Fund	Wastewater Treatment Fund	Non-Major		
				Storm Water Fund	Metro Fund	
OPERATING REVENUES:						
Charges for services (net)	\$ 1,048,056	\$ 217,694	\$ 620,552	\$ -	\$ -	\$ 1,886,302
Miscellaneous income	76,864	93,612	15,511	-	4,834	190,821
TOTAL OPERATING REVENUES	1,124,920	311,306	636,063	-	4,834	2,077,123
OPERATING EXPENSES:						
Personnel services	243,630	14,851	169,586	-	-	428,067
Supplies	15,032	328	8,794	-	-	24,154
Other services and charges	333,431	266,447	164,720	1,462	-	766,060
Depreciation	146,791	8,297	101,576	-	-	256,664
TOTAL OPERATING EXPENSES	738,884	289,923	444,676	1,462	-	1,474,945
OPERATING INCOME (LOSS)	386,036	21,383	191,387	(1,462)	4,834	602,178
NON-OPERATING REVENUES (EXPENSES):						
Investment income	71,627	4,184	53,483	602	156	130,052
Interest expense	(106,525)	(1,768)	(51,253)	-	-	(159,546)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(34,898)	2,416	2,230	602	156	(29,494)
INCOME (LOSS) BEFORE TRANSFERS	351,138	23,799	193,617	(860)	4,990	572,684
Transfers in	-	-	-	12,000	-	12,000
Transfers (out)	(23,000)	(11,832)	(23,000)	-	-	(57,832)
CHANGE IN NET ASSETS	328,138	11,967	170,617	11,140	4,990	526,852
Net assets, beginning of year	2,495,951	350,185	3,614,041	36,546	15,301	6,512,024
NET ASSETS, END OF YEAR	\$ 2,824,089	\$ 362,152	\$ 3,784,658	\$ 47,686	\$ 20,291	\$ 7,038,876

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

	Business - Type Activities Enterprise Funds					Total Enterprise Funds
	Water Fund	Solid Waste Fund	Wastewater Treatment Fund	Storm water Fund	Metro Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from charges for services	\$ 1,070,768	\$ 205,265	\$ 652,414	\$ -	\$ -	\$ 1,928,447
Other operating revenue	76,864	93,612	15,511	-	4,834	190,821
Cash payments to employees for services and fringe benefits	(236,163)	(14,764)	(164,726)	-	-	(415,653)
Cash payments to suppliers for goods and services	(137,967)	(265,879)	(146,066)	(924)	-	(550,836)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>773,502</u>	<u>18,234</u>	<u>357,133</u>	<u>(924)</u>	<u>4,834</u>	<u>1,152,779</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in due to other funds	-	-	-	-	-	-
Transfers in (out)	(23,000)	(11,832)	(23,000)	12,000	-	(45,832)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(23,000)</u>	<u>(11,832)</u>	<u>(23,000)</u>	<u>12,000</u>	<u>-</u>	<u>(45,832)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Cash payments for capital assets	(685,587)	-	(101,810)	-	-	(787,397)
Interest payments on bonds	(104,697)	(1,768)	(52,532)	-	-	(158,997)
Principal payments on bonds	(6,000)	(8,681)	(168,941)	-	-	(183,622)
Loan proceeds on new debt	160,816	-	-	-	-	160,816
Deferred refunding of bonds	-	-	20,132	-	-	20,132
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(635,468)</u>	<u>(10,449)</u>	<u>(303,151)</u>	<u>-</u>	<u>-</u>	<u>(949,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	71,627	4,184	53,483	602	156	130,052
(Additions) deductions to restricted assets	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>71,627</u>	<u>4,184</u>	<u>53,483</u>	<u>602</u>	<u>156</u>	<u>130,052</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>186,661</u>	<u>137</u>	<u>84,465</u>	<u>11,678</u>	<u>4,990</u>	<u>287,931</u>
Cash and cash equivalents, beginning of year	<u>1,067,496</u>	<u>192,488</u>	<u>1,160,444</u>	<u>36,546</u>	<u>15,301</u>	<u>2,472,275</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,254,157</u>	<u>\$ 192,625</u>	<u>\$ 1,244,909</u>	<u>\$ 48,224</u>	<u>\$ 20,291</u>	<u>\$ 2,760,206</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	<u>\$ 386,036</u>	<u>\$ 21,383</u>	<u>\$ 191,387</u>	<u>\$ (1,462)</u>	<u>\$ 4,834</u>	<u>\$ 602,178</u>
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	146,791	8,297	101,576	-	-	256,664
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	53,953	(13,554)	31,862	-	-	72,261
(Increase) decrease in prepaid expense	263,951	170	19,349	-	-	283,470
Increase (decrease) in accounts payable	(53,455)	726	8,099	538	-	(44,092)
Increase (decrease) in accrued payroll and related liabilities	7,467	87	4,860	-	-	12,414
Increase (decrease) in customer deposits	7,695	1,125	-	-	-	8,820
Increase (decrease) in deferred revenue	(38,936)	-	-	-	-	(38,936)
NET ADJUSTMENTS	<u>387,466</u>	<u>(3,149)</u>	<u>165,746</u>	<u>538</u>	<u>-</u>	<u>550,601</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 773,502</u>	<u>\$ 18,234</u>	<u>\$ 357,133</u>	<u>\$ (924)</u>	<u>\$ 4,834</u>	<u>\$ 1,152,779</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

DECEMBER 31, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 132,187</u>
TOTAL ASSETS	<u><u>\$ 132,187</u></u>
LIABILITIES:	
Accounts payable	\$ 3,187
Due to others	125,011
Due to other funds	<u>3,989</u>
TOTAL LIABILITIES	<u><u>\$ 132,187</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	DDA Debt Fund	DDA Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 21,025	\$ 17,128	\$ 38,153
TOTAL CURRENT ASSETS	<u>21,025</u>	<u>17,128</u>	<u>38,153</u>
TOTAL ASSETS	<u>21,025</u>	<u>17,128</u>	<u>38,153</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	10,878	1,059	11,937
TOTAL CURRENT LIABILITIES	<u>10,878</u>	<u>1,059</u>	<u>11,937</u>
TOTAL LIABILITIES	<u>10,878</u>	<u>1,059</u>	<u>11,937</u>
NET ASSETS			
Invested in capital assets net of related debt	-	-	-
Unrestricted	10,147	16,069	26,216
TOTAL NET ASSETS	<u>\$ 10,147</u>	<u>\$ 16,069</u>	<u>\$ 26,216</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	DDA Debt Fund	DDA Fund	Total
DDA Debt Fund	\$ 10,878	\$ -	\$ -	\$ -	\$ (10,878)	\$ -	\$ (10,878)
DDA Fund	1,821	60	-	-	-	(1,761)	(1,761)
TOTAL COMPONENT UNITS	<u>\$ 12,699</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,878)</u>	<u>(1,761)</u>	<u>(12,639)</u>
		General Revenues:					
		Property taxes			-	-	-
		Interest and investment earnings			-	676	676
		Miscellaneous			-	-	-
		TOTAL GENERAL REVENUES AND EXTRAORDINARY ITEMS			-	676	676
		CHANGE IN NET ASSETS			(10,878)	(1,085)	(11,963)
		Net assets, beginning of year			21,025	17,154	38,179
		NET ASSETS, END OF YEAR			<u>\$ 10,147</u>	<u>\$ 16,069</u>	<u>\$ 26,216</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Charter Township of Marquette, Michigan conform to accounting Principals generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Marquette, Michigan.

(1) REPORTING ENTITY

The Charter Township of Marquette, Michigan is governed by an elected seven member board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Discretely Presented Component Units – Charter Township of Marquette, Michigan Downtown Development Authority

The Downtown Development Authority was created to promote economic growth within the township. The Authority's governing body, which consists of five individuals, is selected by the Charter Township of Marquette, Michigan. In addition, the Authority's Budget is subject to approval by the Charter Township of Marquette, Michigan.

Jointly Governed Organization – Marquette Township Solid Waste Management Authority

In June 1988, The Charter Township of Marquette, Michigan joined with 19 other municipalities to create the Marquette Township Solid Waste Management Authority ("Authority"). Please read Footnotes for more information.

(2) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(3) MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, state-shared revenue, grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township of Marquette, Michigan property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Charter Township of Marquette, Michigan as of the preceding December 31st.

Although the Charter Township of Marquette, Michigan 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Charter Township of Marquette, Michigan's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Charter Township of Marquette, Michigan totaled \$152,309,781, on which ad valorem taxes levied consisted of 5.00 mills for the operating purposes, .92 mills for library purposes, and 2.50 mills for Fire Department purposes. These amounts are recognized in the respective General Fund, General Fund, and Fire Fund financial statements as taxes receivable or as tax revenue.

The Charter Township of Marquette, Michigan reports the following major governmental funds:

- The **General Fund** is the Charter Township of Marquette, Michigan's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Fire Fund** is used to account for revenues and expenditures for the property taxes levied for and related payments of debt for the Fire Department Vehicles.
- The **Township Improvement Fund** accounts for the activities related to development and improvement of the Township's general capital assets

The Charter Township of Marquette, Michigan reports the following major proprietary funds:

- The **Water Fund** is used to account for revenues and expenses for the operation of a water system.
- The **Wastewater Treatment Fund** is used to account for revenues and expenses for the operation of a sewer system.
- The **Solid Waste Fund** is used to account for revenues and expenses for the operation of refuse collection.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The water and wastewater treatment fund also recognizes the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expense.

(4) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to the General Fund.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on December 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Charter Township of Marquette, Michigan as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value on the date of donation. Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building Improvements	25-40 years
Water and Sewage System	50 years
Infrastructure	5 to 50 years
Equipment	3-10 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences (Vacation and Sick Leave) – The Charter Township of Marquette, Michigan not does provide any compensated absences for their employees.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates – The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principals require the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgets and Budgetary Accounting – Annual budgets are adopted on a basis consistent with generally accepted accounting Principals for all governmental funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level:

- a. The Manager submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to December 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Manager not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Manager is authorized by means of policy to make certain transfers:
 1. The Manager receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Township Board of Trustees.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):

2. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Township Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Manager will then decide whether or not the transfer should be made.

Township appropriations are submitted to and reviewed by the Manager and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Manager through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Township Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting Principals. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

NOTE C – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of December 31, 2007, the Charter Township of Marquette, Michigan's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Component Unit	Total Primary Government
Cash and equivalents	\$ 900,223	\$ 2,760,206	\$ 132,187	\$ 38,153	\$ 3,830,769
Investments	-	-	-	-	-
	<u>\$ 900,223</u>	<u>\$ 2,760,206</u>	<u>\$ 132,187</u>	<u>\$ 38,153</u>	<u>\$ 3,830,769</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township of Marquette, Michigan's deposits may not be returned to it. State law does not require and the Charter Township of Marquette, Michigan does not have a deposit policy for custodial credit risk. The carrying amounts of the Charter Township of Marquette, Michigan's deposits with financial institutions were \$3,830,769 and the bank balance was \$4,031,260. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 500,000
Amount uncollateralized and uninsured	3,531,260
	<u>\$ 4,031,260</u>

Investments

As of December 31, 2007, the Charter Township of Marquette, Michigan did not have any investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Charter Township of Marquette, Michigan's investments. The Charter Township of Marquette, Michigan does not have a formal

NOTE C – DEPOSITS AND INVESTMENTS: (Continued)

investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Charter Township of Marquette, Michigan to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Charter Township of Marquette, Michigan has no investment policy that would further limit its investment choices. Ratings are not required for the Charter Township of Marquette Michigan's investment in U.S. Government Agencies or equity-type funds. The Charter Township of Marquette, Michigan's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Charter Township of Marquette, Michigan places no limit on the amount the Charter Township of Marquette, Michigan may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE D – RECEIVABLES:

Receivables as of year-end for the government's individual major and non-major funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire Fund	Township Improvement Fund	Waste Water Fund	Water Fund	Solid Waste Fund	Total
Accounts Receivable	\$ 95,501	\$ 5,558	\$ 6,357	\$ -	\$ -	\$ -	\$ 107,416
Taxes Receivable	929,570	347,858	-	-	-	-	1,277,428
Utility Billings	-	-	-	31,258	16,711	30,094	78,063
Special Assessments	-	-	-	81,851	179,088	-	260,939
Totals	\$ 1,025,071	\$ 353,416	\$ 6,357	\$ 113,109	\$ 195,799	\$ 30,094	\$ 1,723,846

NOTE E – CAPITAL ASSETS:

Capital asset activity of the primary government for the current year was as follows:

	Balance at January 1, 2006	Additions	Disposals	Balance at December 31, 2007
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	1,171,756	349,000	-	1,520,756
Land Improvements	27,205	-	-	27,205
Investment in Wastewater Treatment Facility	-	-	-	-
Total Capital Assets, not being depreciated	1,198,961	349,000	-	1,547,961
Buildings and improvements	347,470	-	-	347,470
Vehicles	1,182,463	-	-	1,182,463
Furniture and equipment	25,572	122,113	-	147,685
Infrastructure	-	-	-	-
Invested in MCSWF	-	-	-	-
Total Capital Assets, being depreciated	1,555,505	122,113	-	1,677,618

NOTE E – CAPITAL ASSETS: (Continued)

	Balance at January 1, 2006	Additions	Disposals	Balance at December 31, 2007
Less Accumulated Depreciation:				
Buildings and improvements	\$ 217,115	\$ 10,444	\$-	\$ 227,559
Vehicles	812,265	78,679	-	890,944
Furniture and equipment	11,207	13,775	-	24,982
Infrastructure	-	-	-	-
Invested in MCSWF	-	-	-	-
Total Accumulated Depreciation	1,040,587	102,898	-	1,143,485
Governmental Activities Capital Assets, Net	1,713,879	368,215	-	2,082,094
Construction in progress	45,019	101,357		146,376
Land	240,000	-		240,000
Land improvements	560,293	-		560,293
Investment in Waste Water Treatment Facility	265,514	13,653		279,167
Total Capital Assets, not being depreciated	1,110,826	115,010	-	1,225,836
Buildings and improvements	353,961	-	-	353,961
Vehicles	126,374	-	-	126,374
Furniture and equipment	46,900	-	-	46,900
Infrastructure	8,915,548	672,387	-	8,915,548
Investment in MCSWF	190,836	-	-	190,836
Total Capital Assets, being depreciated	9,633,619	672,387	-	10,306,006
Less Accumulated Depreciation:				
Buildings and improvements	195,983	8,924	-	204,907
Vehicles	73,039	13,354	-	86,393
Furniture and equipment	24,888	6,700	-	31,588
Infrastructure	1,552,182	219,389	-	1,771,571
Investment in MCSWF	102,116	8,297	-	110,413
Total Accumulated Depreciation	1,948,208	256,664	-	2,204,872
Business Activities Capital Asset Total-	\$ 8,796,237	\$ 530,733	\$-	\$ 9,326,970

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
Unallocated Depreciation	\$ 102,898
Total Governmental Activities	<u>\$ 102,898</u>
Business-Type Activities:	
Wastewater Treatment Fund	\$ 101,576
Water Fund	146,791
Solid Waste Fund	8,297
Total Business-Type Activities	<u>\$ 256,664</u>

NOTE F – DUE INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Charter Township of Marquette, Michigan reports Interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of Interfund balances presented in the statements of net assets/balance sheet for governmental funds. Interfund transactions resulting in Interfund receivables and payables are as follows:

NOTE F – DUE INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued):

	DUE FROM OTHER FUNDS		
	General Fund	Solid Waste Fund	Total Due To Other Funds
Township Improvement Fund	\$ -	\$ 102,500	\$ 102,500
Trust and Agency Fund	833	-	833
Tax Collection Fund	3,156	-	3,156
Total Due From Other Funds	\$ 3,989	\$ 102,500	\$ 106,489

All balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfer Out To Other Funds							
	General Fund	Fire Fund	Liquor Fund	Sewer Fund	Water Fund	Solid Waste Fund	Total
General Fund	\$ -	\$ 4,000	\$ 4,898	\$ 11,000	\$ 23,000	\$ 11,832	\$ 54,730
Township Improvement Fund	230,285	-	-	-	-	-	230,285
Storm water Fund	-	-	-	12,000	-	-	12,000
Total	\$ 230,285	\$ 4,000	\$ 4,898	\$ 23,000	\$ 23,000	\$ 11,832	\$ 297,015

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE G – LONG-TERM DEBT:

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Township contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time of debt service payments are due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Individual bond and contractual obligation activity can be summarized as follows:

Fire Truck Installment Note December 31, 2007			
	Principal	Interest	Total
2008	\$ 36,105	\$ 2,855	\$ 38,960
2009	35,277	1,409	36,686
TOTALS	\$ 71,382	\$ 4,264	\$ 75,646

NOTE G – LONG-TERM DEBT (Continued):

The Note was originally issued for \$173,921 on February 1, 2004. Note Payments are due annually, on February 1 (principal plus interest), with an interest rate of 3.950%.

Wildland Pumper Installment Note December 31, 2007			
	Principal	Interest	Total
2008	\$ 16,304	\$ 2,689	\$ 18,993
2009	17,150	1,843	18,993
2010	17,984	1,009	18,993
TOTALS	<u>\$ 51,438</u>	<u>\$ 5,541</u>	<u>\$ 56,979</u>

The Note was originally issued for \$67,000 on January 20, 2006. Note Payments are due annually, on January 20 (principal plus interest), with an interest rate of 5.150%.

Badger Creek Drain Bond December 31, 2007			
	April 1		Total
	Principal	Interest	
2008	\$ 56,805	\$ 5,936	\$ 62,741
2009	56,805	1,993	58,798
TOTALS	<u>\$ 113,610</u>	<u>\$ 7,929</u>	<u>\$ 121,539</u>

The Bond was originally issued for \$915,159 on December 1, 1994. Bond payments are due semi-annually on April 1 (principal and interest) and October 1 (interest only), with an interest rate of 7.00%.

2004 Land Purchase Note December 31, 2007			
	December 1		Total
	Principal	Interest	
2008	\$ 39,200	\$ 17,316	\$ 56,516
2009	39,200	15,699	54,899
2010	39,200	14,129	53,329
2011	39,200	12,559	51,759
2012	39,200	11,019	50,219
2013	39,200	9,419	48,619
2014	39,200	7,850	47,050
2015	39,200	6,280	45,480
2016	39,200	4,723	43,923
2017	39,200	3,140	42,340
2018	39,200	1,570	40,770
TOTALS	<u>\$ 431,200</u>	<u>\$ 103,704</u>	<u>\$ 534,904</u>

The Note was originally issued for \$588,000 on November 19, 2003. Note Payments are due annually, on November 11 (principal and interest), with an interest rate of 3.950%.

Corner Stone Property Note December 31, 2007			
	Principal	Interest	Total
2008	\$ 16,694	\$ 15,813	\$ 32,507
2009	17,550	14,957	32,507
2010	18,404	14,103	32,507
2011	19,300	13,207	32,507
2012	20,205	12,302	32,507
2013	21,222	11,285	32,507
2014	22,255	10,252	32,507

NOTE G – LONG-TERM DEBT (Continued):

	Principal	Interest	Total
2015	\$ 23,338	\$ 9,168	\$ 32,506
2016	24,452	8,055	32,507
2017	25,664	6,843	32,507
2018	26,913	5,594	32,507
2019	28,223	4,284	32,507
2020	29,588	2,919	32,507
2021	30,223	2,284	32,507
TOTALS	\$ 324,031	\$ 131,066	\$ 455,097

The Note was originally issued for \$349,000 on June 21, 2007. Note Payments are due annually, on November 30 (principal plus interest), with an interest rate of 4.800%.

Fair Avenue Project Note**December 31, 2007**

	Principal	Interest	Total
2008	\$ 114,581	\$ 17,880	\$ 132,461
2009	120,265	12,196	132,461
2010	125,637	6,231	131,868
TOTALS	\$ 360,483	\$ 36,307	\$ 396,790

The Note was originally issued for \$360,483 on August 20, 2007. Note Payments are due annually, on August 20 (principal plus interest), with an interest rate of 4.960%.

1998A Sewer Bond**December 31, 2007**

	Principal	Interest	Total
2008	\$ 155,725	\$ 23,527	\$ 179,252
2009	153,351	15,537	168,888
2010	150,810	5,905	156,715
2011	80,000	1,800	81,800
TOTALS	\$ 539,886	\$ 46,769	\$ 586,655

The Bond was originally issued for \$1,953,921 on October 8, 1998. Bond Payments are due semi-annually on May 1 (principal and interest) and November 1 (interest only).

1998 Sewer Bond**December 31, 2007**

	Principal	Interest	Total
2008	\$ 8,483	\$ 372	\$ 8,855
TOTALS	\$ 8,483	\$ 372	\$ 8,855

The Bond was originally issued for \$1,953,921 on October 8, 1998. Bond Payments are due semi-annually on May 1 (principal and interest) and November 1 (interest only).

Water Land Purchase Note**December 31, 2007**

	December 1		Total
	Principal	Interest	
2008	\$ 16,000	\$ 10,045	\$ 26,045
2009	16,000	9,247	25,247
2010	176,000	8,476	184,476
TOTALS	\$ 208,000	\$ 27,768	\$ 235,768

NOTE G – LONG-TERM DEBT (Continued):

The Note was originally issued for \$240,000 on March 25, 2005. Note payments are due annually, on November 11 (principal and interest), with an interest rate of 4.750%.

Drinking Water Program Bond			
December 31, 2007			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 190,000	\$ 88,100	\$ 278,100
2009	195,000	84,044	279,044
2010	200,000	79,900	279,900
2011	205,000	75,650	280,650
2012	210,000	71,294	281,294
2013	215,000	66,832	281,832
2014	220,000	62,262	282,262
2015	220,000	57,588	277,588
2016	225,000	52,912	277,912
2017	230,000	48,132	278,132
2018	235,000	43,244	278,244
2019	240,000	38,250	278,250
2020	245,000	33,150	278,150
2021	250,000	27,944	277,944
2022	255,000	22,632	277,632
2023	265,000	17,212	282,212
2024	270,000	11,582	281,582
2025	275,000	5,844	280,844
TOTALS	<u><u>\$ 4,145,000</u></u>	<u><u>\$ 886,572</u></u>	<u><u>\$ 5,031,572</u></u>

The Bond was originally issued for \$4,520,000 on June 23, 2005. Bond payments are due semi-annually, on April 1 (interest) and on October 1, (principal plus interest) with an interest rate of 2.125%.

2007 Grandview Water Bond			
December 31, 2007			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 10,000	\$ 8,482	\$ 18,482
2009	10,000	8,047	18,047
2010	10,000	7,612	17,612
2011	10,000	7,177	17,177
2012	10,000	6,742	16,742
2013	10,000	6,307	16,307
2014	15,000	6,764	21,764
2015	10,000	6,220	16,220
2016	10,000	4,785	14,785
2017	10,000	4,350	14,350
2018	10,000	3,915	13,915
2019	10,000	3,480	13,480
2020	15,000	2,936	17,936
2021	10,000	2,393	12,393
2022	10,000	1,958	11,958
2023	10,000	1,523	11,523
2024	10,000	1,088	11,088
2025	10,000	652	10,652
2026	10,000	217	10,217
TOTALS	<u><u>\$ 200,000</u></u>	<u><u>\$ 84,648</u></u>	<u><u>\$ 284,648</u></u>

The Bond was originally issued for \$200,000 on April 17, 2007. Bond Payments are due semi-annually on May 1 (principal and interest) and November 1 (interest only), with an interest rate of 4.349%.

NOTE G – LONG-TERM DEBT (Continued):

Landfill Bond December 31, 2007			
	November 1		Total
	Principal	Interest	
2008	\$ 9,453	\$ 954	\$ 10,407
2009	10,417	260	10,677
TOTALS	\$ 19,870	\$ 1,214	\$ 21,084

The Bond was originally issued for \$164,891 on February 1, 1988. Bond payments are due semi-annually, on May 1 (Principal plus interest) and on November 1, (interest) with an interest rate of 4.0%.

Annual maturities on long-term debt are as follows:

	Governmental			Business		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 279,690	\$ 62,489	\$ 342,197	\$ 389,661	\$ 131,480	\$ 521,141
2009	286,247	48,097	334,344	384,768	117,135	501,903
2010	201,224	35,472	236,696	536,810	101,893	638,703
2011	58,500	25,766	84,266	295,000	84,627	379,627
2012	59,405	23,321	82,726	220,000	78,036	298,036
2013	60,422	20,704	81,126	225,000	73,139	298,139
2014	61,455	18,102	79,557	235,000	69,026	304,026
2015	62,538	15,448	77,986	230,000	63,808	293,808
2016	63,652	12,778	76,430	235,000	57,697	292,697
2017	64,864	9,983	74,847	240,000	52,482	292,482
2018	66,113	7,164	73,277	245,000	47,159	292,159
2019	28,223	4,284	32,507	250,000	41,730	291,730
2020	29,588	2,919	32,507	260,000	36,086	296,086
2021	30,223	2,284	32,507	260,000	30,337	290,337
2022	-	-	-	265,000	24,590	289,590
2023	-	-	-	275,000	18,735	293,735
2024	-	-	-	280,000	12,670	292,670
2025	-	-	-	285,000	6,496	291,496
2026	-	-	-	10,000	217	10,217
Totals	\$ 1,352,144	\$ 288,811	\$ 1,640,955	\$ 5,121,239	\$ 1,047,343	\$ 6,168,582

	January 1, 2006	Additions	Reductions	December 31, 2007	Due Within One Year
Governmental Activities:					
Fire Truck Installment Note	\$ 106,162	\$ -	\$ 34,780	\$ 71,382	\$ 36,105
Wild Land Pumper Installment Loan	67,000	-	15,562	51,438	16,304
Badger Creek Drain Bond	167,073	-	53,463	113,610	56,805
2004 Land Purchase Note	-	-	39,200	431,200	39,200
Corner Stone Property Note	-	349,000	24,969	324,031	16,694
Fair Avenue Project Note	-	360,483	-	360,483	114,582
Total Governmental Activities	810,635	709,483	167,974	1,352,144	279,690
Business-Type Activities:					
1988A Sewer Bond	700,345	-	160,459	539,886	155,725
1988 Sewer Bond	16,965	-	8,482	8,483	8,483
Water Note Land Purchase	224,000	-	16,000	208,000	16,000
Drinking Water Bond	4,174,184	160,816	190,000	4,145,000	190,000

NOTE G – LONG-TERM DEBT (Continued):

	January 1, 2006	Additions	Reductions	December 31, 2007	Due Within One Year
2007 Grandview Water Bond	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 10,000
Landfill Bond	28,552	-	8,682	19,870	9,453
Total Business-Type Activities	5,144,046	360,816	393,623	5,121,239	389,661
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	\$ 5,954,681	\$ 1,070,299	\$ 551,597	\$ 6,473,383	\$ 669,351

NOTE H – RISK MANAGEMENT:

The Local Government Unit is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Local Governmental Unit has purchased commercial insurance for claims and participates in the Michigan Townships Participating Plan. The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE I – JOINT VENTURE:

In June 1988, The Charter Township of Marquette, Michigan joined with 19 other municipalities to create the Marquette Township Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair, and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who is the Chairperson of the board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette Township Board of Trustees, and one resident of the City of Marquette appointed by the other 6 Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities and fund equity is approximately 1 percent. Summary financial information as of and for the fiscal year ended June 30, 2007, is as follows:

Total Assets	\$13,425,691
Total Liabilities	1,989,798
Total Equity	11,435,893
Total Operating Revenues	2,374,922
Total Operating Expenses	2,817,324
Net Income (loss)	66,021

The City of Marquette has pledged its full faith and credit for the Marquette Township Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

NOTE K – INVESTMENT IN WASTEWATER TREATMENT FACILITY:

On April 7, 1977, and May 31, 1983 the Charter Township of Chocolay, The City of Marquette, and Township of Marquette entered into contracts to construct and operate a secondary wastewater treatment facility to be known as the “Marquette Area Wastewater Treatment Facility”. Under those agreements the Township of Chocolay would own 14.7% of the facility, the Township of Marquette would own 5.5% and the City of Marquette would own 79.8%.

On July 1, 1993, there was an amendment to the Marquette Township Wastewater Disposal system contract to change the ownership of the three partners involved. The Charter Township of Marquette paid to the City of Marquette and the Charter Township of Chocolay each the sum of \$54,743, representing an allocation of an additional 4.5% of the capacity of the Marquette Area Wastewater Treatment Facility to Marquette Township. During fiscal 1998, the Township of Marquette issued refunding bonds – unlimited tax series 1998, to partially refund the original bond issue. The new ownership percentages for the City of Marquette, Charter Township of Chocolay, and Charter Township of Marquette are 77.55%, 12.45%, and 10.00%, respectively.

On June 26, 2006, there was an amendment to the Marquette Township Wastewater Disposal System Contract to change ownership of the three partners involved. The new ownership percentages for the city of Marquette, the Charter Township of Chocolay, and the Charter Township of Marquette are 85%, 5%, and 10%, respectively.

The construction of the Facility was partially financed through \$2.5 million general obligation bonds which were partially refunded during fiscal 1998 and issued by Marquette Township for which the full faith and credit of the two Townships and the City of Marquette have been pledged. Repayment of the Township of Marquette bonds and the interest thereon is the contractual responsibility of the owners of the project based on their share of the ownership. The total investment in the Facility at December 31, 2007 by the Township is \$279,167 including local contributions and its proportionate share of the net equity of the Facility. The Township utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

A summary of condensed financial information of the Facility, in the aggregate, for its fiscal year ended June 30, 2007 is as follows:

Assets	\$11,311,357
Liabilities	3,999,937
Fund Equity	5,485,633
Total Operating Revenues	1,236,181
Total Operating Expenses	1,667,346
Net income (loss)	(431,858)
Township's share of net income (loss)	29,690

NOTE L – PENSION PLANS:

Plan Description – The Township of Marquette, Michigan participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Township of Marquette, Michigan. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy – The obligation to maintain the system for these employees was established by negotiation with the Township of Marquette, Michigan's competitive bargaining units.

NOTE L – PENSION PLANS (Continued):

Annual Pension Cost – For year ended December 31, 2007, the Township of Marquette, Michigan's annual pension cost of \$549,120 for the plan was equal to the Township of Marquette, Michigan's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

Three Year Trend Information from Actuarial Valuation
Fiscal Year Ended December 31

	2005	2006	2007
Annual Pension Cost (APC)	\$667,144	\$620,884	\$658,705
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	\$453,794	\$637,142	\$750,325
Actuarial Accrued Liability (AAL)	\$807,153	\$1,084,458	\$1,151,470
Unfunded AAL (UAAL)	\$514,304	\$597,845	\$588,857
Funded Ratio	56%	59%	65%
Covered Payroll	\$514,304	\$597,845	\$588,857
UAAL as a Percentage of Covered Payroll	69%	75%	68%

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 976,287	\$ 976,287	\$ 975,971	\$ (316)
Licenses and permits	4,000	4,000	14,204	10,204
State sources	238,748	238,748	278,601	39,853
Charges for services	13,108	13,108	26,968	13,860
Interest and rent	15,600	15,600	25,433	9,833
Other revenues	17,087	17,087	20,985	3,898
TOTAL REVENUES	1,264,830	1,264,830	1,342,162	77,332
EXPENDITURES:				
Legislative	61,162	64,962	61,456	3,506
General services and administration	511,542	508,467	494,834	13,633
Public safety	112,014	115,514	114,228	1,286
Public works	18,500	18,500	12,928	5,572
Community and economic development	54,782	51,282	45,128	6,154
Recreation and culture	150,910	148,410	144,793	3,617
Other	20,000	17,000	13,950	3,050
Capital outlay	61,600	61,600	24,591	37,009
Debt Service	98,274	154,224	154,004	220
TOTAL EXPENDITURES	1,088,784	1,139,959	1,065,912	74,047
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	176,046	124,871	276,250	151,379
OTHER FINANCING SOURCES (USES):				
Transfers in	54,504	54,504	54,730	226
Transfers (out)	(230,285)	(230,285)	(230,285)	-
TOTAL OTHER FINANCING SOURCES (USES)	(175,781)	(175,781)	(175,555)	226
CHANGE IN FUND BALANCE	265	(50,910)	100,695	151,605
Fund balance, beginning of year	247,653	247,653	247,653	-
FUND BALANCE, END OF YEAR	\$ 247,918	\$ 196,743	\$ 348,348	\$ 151,605

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 356,875	\$ 356,875	\$ 355,444	\$ (1,431)
Federal sources	-	79,368	79,340	(28)
Charges for services	10,000	10,000	15,922	5,922
Interest	2,500	2,500	9,338	6,838
Other revenues	600	600	1,749	1,149
TOTAL REVENUES	369,975	449,343	461,793	12,450
EXPENDITURES:				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	365,404	466,850	425,539	41,311
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	365,404	466,850	425,539	41,311
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,571	(17,507)	36,254	53,761
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	(4,000)	(4,000)	(4,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,000)	(4,000)	(4,000)	-
CHANGE IN FUND BALANCE	571	(21,507)	32,254	53,761
Fund balance, beginning of year	170,159	170,159	170,159	-
FUND BALANCE, END OF YEAR	\$ 170,730	\$ 148,652	\$ 202,413	\$ 53,761

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

TOWNSHIP IMPROVEMENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Interest	\$ 7,000	\$ 7,000	\$ 11,811	\$ 4,811
TOTAL REVENUES	<u>7,000</u>	<u>7,000</u>	<u>11,811</u>	<u>4,811</u>
EXPENDITURES:				
Legislative	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community and economic development	237,270	597,753	580,478	17,275
Recreation and culture	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>237,270</u>	<u>597,753</u>	<u>580,478</u>	<u>17,275</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(230,270)</u>	<u>(590,753)</u>	<u>(568,667)</u>	<u>22,086</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	360,483	360,483	-
Transfers in	230,285	230,285	230,285	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>230,285</u>	<u>590,768</u>	<u>590,768</u>	<u>-</u>
CHANGE IN FUND BALANCE	15	15	22,101	22,086
Fund balance, beginning of year	<u>78,631</u>	<u>78,631</u>	<u>78,631</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 78,646</u>	<u>\$ 78,646</u>	<u>\$ 100,732</u>	<u>\$ 22,086</u>

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

MAJOR GOVERNMENTAL FUNDS GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 905,145	\$ 900,158	\$ (4,987)
Payment in lieu of taxes	3,500	4,456	956
Commercial forest	5,154	4,626	(528)
Swamp tax	3,688	3,688	-
Tax collection fees	58,800	63,043	4,243
Total Taxes	976,287	975,971	(316)
Licenses and Permits:			
License and permits	1,500	1,299	(201)
Zoning permit fees	2,500	12,905	10,405
Total Licenses and Permits	4,000	14,204	10,204
State Sources:			
State revenue sharing	238,748	278,601	39,853
Total State Sources	238,748	278,601	39,853
Charges for Services:			
Charges for services	3,000	4,052	1,052
CATV franchise fees	10,108	22,916	12,808
Total Charges for Services	13,108	26,968	13,860
Interest and Rents:			
Interest	15,500	25,373	9,873
Rent	100	60	(40)
Total Interest	15,600	25,433	9,833
Other Revenues:			
Other revenue	17,087	20,985	3,898
Total Other Revenues	17,087	20,985	3,898
TOTAL REVENUES	1,264,830	1,342,162	77,332
EXPENDITURES:			
LEGISLATIVE:			
Board of Commissioners:			
Personnel services	12,954	12,950	4
Supplies	1,425	1,627	(202)
Other services and charges	50,583	46,879	3,704
TOTAL LEGISLATIVE	64,962	61,456	3,506

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

MAJOR GOVERNMENTAL FUNDS GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
GENERAL SERVICES AND ADMINISTRATION:			
Supervisor:			
Personnel services	\$ 11,872	\$ 11,870	\$ 2
Other services and charges	314	160	154
Total Supervisor	12,186	12,030	156
Manager:			
Personnel services	94,032	93,656	376
Supplies	174	30	144
Other services and charges	1,500	1,533	(33)
Total Manager	95,706	95,219	487
Election:			
Personnel services	520	501	19
Supplies	850	846	4
Other services and charges	1,150	979	171
Total Election	2,520	2,326	194
Assessor:			
Personnel services	136,463	136,279	184
Supplies	550	201	349
Other services and charges	9,985	10,509	(524)
Total Assessor	146,998	146,989	9
Clerk:			
Personnel services	73,046	72,013	1,033
Supplies	800	928	(128)
Other services and charges	3,515	3,721	(206)
Total Clerk	77,361	76,662	699
Board of Review:			
Personnel services	1,087	1,044	43
Other services and charges	300	82	218
Total Board of Review	1,387	1,126	261
Treasurer:			
Personnel services	24,439	21,982	2,457
Supplies	350	394	(44)
Other services and charges	1,265	2,395	(1,130)
Total Treasurer	26,054	24,771	1,283

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

MAJOR GOVERNMENTAL FUNDS GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Township Hall and Grounds:			
Personnel services	\$ 15,083	\$ 14,536	\$ 547
Supplies	2,500	1,723	777
Other services and charges	19,480	15,710	3,770
Total Township Hall and Grounds	37,063	31,969	5,094
General Services; Administration:			
Personnel services	49,121	48,170	951
Supplies	4,500	8,208	(3,708)
Other services and charges	55,571	47,364	8,207
Total General Services; Administration	109,192	103,742	5,450
TOTAL GENERAL SERVICES AND ADMINISTRATION	508,467	494,834	13,633
PUBLIC SAFETY:			
Law Enforcement:			
Other services and charges	115,514	114,228	1,286
TOTAL PUBLIC SAFETY	115,514	114,228	1,286
PUBLIC WORKS:			
Street Lighting:			
Other services and charges	18,500	12,928	5,572
TOTAL PUBLIC WORKS	18,500	12,928	5,572
COMMUNITY AND ECONOMIC DEVELOPMENT:			
Planning:			
Personnel services	13,894	13,540	354
Supplies	1,500	1,367	133
Other services and charges	34,550	29,839	4,711
Total Refuse Collection	49,944	44,746	5,198
Zoning Board of Appeals:			
Personnel services	1,088	212	876
Supplies	50	-	50
Other services and charges	200	170	30
Total Planning Commission	1,338	382	956
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	51,282	45,128	6,154

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
RECREATION AND CULTURE:			
Recreational Facilities:			
Personnel services	\$ 532	\$ 886	\$ (354)
Supplies	500	644	(144)
Other services and charges	6,210	2,556	3,654
Total Recreational Facilities	<u>7,242</u>	<u>4,086</u>	<u>3,156</u>
Library Services:			
Other services and charges	141,168	140,707	461
Total Library Services	<u>141,168</u>	<u>140,707</u>	<u>461</u>
TOTAL RECREATION AND CULTURE	<u>148,410</u>	<u>144,793</u>	<u>3,617</u>
OTHER:			
Insurance and Bonds:			
Other services and charges	10,100	10,002	98
Special Appropriations	6,900	3,948	2,952
TOTAL OTHER	<u>17,000</u>	<u>13,950</u>	<u>3,050</u>
CAPITAL OUTLAY	<u>61,600</u>	<u>24,591</u>	<u>37,009</u>
DEBT SERVICE	<u>154,224</u>	<u>154,004</u>	<u>220</u>
TOTAL EXPENDITURES	<u>1,139,959</u>	<u>1,065,912</u>	<u>74,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,871</u>	<u>276,250</u>	<u>151,379</u>
OTHER FINANCING SOURCES (USES):			
Transfers In / (Out):			
Transfers in	54,504	54,730	226
Transfers out	(230,285)	(230,285)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(175,781)</u>	<u>(175,555)</u>	<u>226</u>
CHANGE IN FUND BALANCE	(50,910)	100,695	151,605
Fund balance, beginning of year	<u>247,653</u>	<u>247,653</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 196,743</u>	<u>\$ 348,348</u>	<u>\$ 151,605</u>

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

FIRE FUND

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Taxes:			
Property taxes	\$ 355,975	\$ 354,579	\$ (1,396)
Commercial Forest	900	865	(35)
Total Taxes	<u>356,875</u>	<u>355,444</u>	<u>(1,431)</u>
Federal sources			
Federal grant	79,368	79,340	(28)
Total Federal Sources	<u>79,368</u>	<u>79,340</u>	<u>(28)</u>
Charges for Services:			
Services rendered	10,000	15,922	5,922
Total Charges for Services	<u>10,000</u>	<u>15,922</u>	<u>5,922</u>
Interest:			
Interest income	2,500	9,338	6,838
Total Interest	<u>2,500</u>	<u>9,338</u>	<u>6,838</u>
Other Revenue:			
Other revenue	600	1,749	1,149
Total Other Revenue	<u>600</u>	<u>1,749</u>	<u>1,149</u>
TOTAL REVENUES	<u>449,343</u>	<u>461,793</u>	<u>12,450</u>
EXPENDITURES:			
Public Safety:			
Fire Department			
Personnel services	190,748	184,558	6,190
Supplies	11,950	12,483	(533)
Other services and charges	90,700	72,383	18,317
Capital outlay	115,446	98,109	17,337
Debt service	58,006	58,006	-
Total Fire Department	<u>466,850</u>	<u>425,539</u>	<u>41,311</u>
TOTAL EXPENDITURES	<u>466,850</u>	<u>425,539</u>	<u>41,311</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,507)</u>	<u>36,254</u>	<u>53,761</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	(4,000)	(4,000)	-
TOTAL OTHER FINANCING SOURCES	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(21,507)</u>	<u>32,254</u>	<u>53,761</u>
Fund balance, beginning of year	<u>170,159</u>	<u>170,159</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 148,652</u>	<u>\$ 202,413</u>	<u>\$ 53,761</u>

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

TOWNSHIP IMPROVEMENT FUND

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest:			
Interest income	\$ 7,000	\$ 11,811	\$ 4,811
Total Interest	<u>7,000</u>	<u>11,811</u>	<u>4,811</u>
TOTAL REVENUES	<u>7,000</u>	<u>11,811</u>	<u>4,811</u>
EXPENDITURES:			
Community and Economic Development:			
Township Improvement:			
Other services and charges	1,000	500	500
Capital outlay	596,753	579,978	16,775
Total Community and Economic Development	<u>597,753</u>	<u>580,478</u>	<u>17,275</u>
TOTAL EXPENDITURES	<u>597,753</u>	<u>580,478</u>	<u>17,275</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(590,753)</u>	<u>(568,667)</u>	<u>22,086</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	360,483	360,483	-
Transfers in	230,285	230,285	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>590,768</u>	<u>590,768</u>	<u>-</u>
CHANGES IN FUND BALANCE	15	22,101	22,086
Fund balance, beginning of year	<u>78,631</u>	<u>78,631</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 78,646</u></u>	<u><u>\$ 100,732</u></u>	<u><u>\$ 22,086</u></u>

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

NON - MAJOR GOVERNMENTAL FUNDS

LIQUOR LAW FUND

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
State sources:			
State liquor fees	<u>\$ 4,592</u>	<u>\$ 4,898</u>	<u>\$ 306</u>
Total State Sources	<u>4,592</u>	<u>4,898</u>	<u>306</u>
Interest:			
Interest income	<u>80</u>	<u>88</u>	<u>8</u>
Total Interest	<u>80</u>	<u>88</u>	<u>8</u>
TOTAL REVENUES	<u>4,672</u>	<u>4,986</u>	<u>314</u>
EXPENDITURES:			
Public Safety:			
Other services and charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,672</u>	<u>4,986</u>	<u>314</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Transfers (out)	<u>(4,672)</u>	<u>(4,898)</u>	<u>(226)</u>
TOTAL OTHER FINANCING SOURCES	<u>(4,672)</u>	<u>(4,898)</u>	<u>(226)</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>88</u>	<u>88</u>
Fund balance, beginning of year	<u>4,792</u>	<u>4,792</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,792</u>	<u>\$ 4,880</u>	<u>\$ 88</u>

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 15,249	\$ 116,938	\$ 132,187
TOTAL ASSETS	<u>\$ 15,249</u>	<u>\$ 116,938</u>	<u>\$ 132,187</u>
LIABILITIES			
Accounts Payable	\$ 3,187	\$ -	\$ 3,187
Due to others	11,229	113,782	125,011
Due to other funds	833	3,156	3,989
TOTAL LIABILITIES	<u>\$ 15,249</u>	<u>\$ 116,938</u>	<u>\$ 132,187</u>

Compliance Supplements



Anderson, Tackman & Company, PLC
Certified Public Accountants
Marquette, Michigan 906-225-1166
Fax – 1-906-225-1714

Partners

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Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Trustees of the
Charter Township of Marquette, Michigan
161 Township Road 492
Marquette, Michigan 49855

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Marquette, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township of Marquette, Michigan's basic financial statements and have issued our report thereon dated June 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Marquette, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Marquette, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Marquette, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Township of Marquette, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting Principles such that there is more than a remote likelihood that a misstatement of the Township of Marquette, Michigan's financial statements that is more than

The Board of Commissioners of the
Township of Marquette, Michigan

Inconsequential will not be prevented or detected by the Township of Marquette, Michigan's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 07-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Marquette, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Marquette, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing*.

The Township of Marquette, Michigan's response to the significant deficiencies identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Township of Marquette, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 1, 2008



ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants

MICHIGAN
Escanaba
Iron Mountain
Kinross
Marquette

PARTNERS

John W. Blemberg, CPA

Robert J. Downs, CPA

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WISCONSIN
Green Bay
Milwaukee

*Township of Marquette, Michigan
Report to Management Letter
For the Year Ended December 31, 2007*

The Board of Trustees of the
Township of Marquette, Michigan
161 Township Road 492
Marquette, MI 49855

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Marquette, Michigan as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Marquette, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Marquette, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Marquette, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Board of Trustees of the
Township of Marquette, Michigan

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Significant Deficiencies

07-01 - WATER/SEWER UTILITY BILLINGS

Condition/Criteria: The staff of the utilities department is limited in size and precludes the Township of Marquette, Michigan from verifying customer meter reading for billing purposes. The Township of Marquette, Michigan relies on customers to call in there meter readings on a monthly basis.

Effect:Because of the limited staff, meter readings are not verified which increases the chance that misstatements in meter readings would not be prevented or detected on a timely basis.

Cause of Condition: The size of the organization's staff in the Utilities Department precludes certain internal design controls that would be preferred in the office if staffing were large enough to provide optimum internal controls.

Recommendation: We recommend that the Township of Marquette, Michigan take customer meter readings at least once a year.

Management Response - Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Kirk Page, Superintendent of Public Works
- Corrective Action Planned:
 - The Township of Marquette, Michigan will review the proposed deficiency and decide the proper course of action, depending on budgetary resources.
- Anticipated Completion Date:
 - December 31, 2008

This communication is intended solely for the information and use of management, the Board of Commissioners and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 1, 2008



Anderson, Tackman & Company, PLC

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Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

June 1, 2008

The Board of Trustees of the
Township of Marquette, Michigan
161 Township Road 492
Marquette, Michigan 49955

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Marquette, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township of Marquette, Michigan's basic financial statements and have issued our report thereon dated June 1, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Township of Marquette, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed test of the Township of Marquette, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in the engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Marquette, Michigan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

The Board of Trustees of the
Township of Marquette, Michigan

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements are listed in Note A.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management. Recording current year change in the Fair Market Value Investment, recording an additional payment of State Revenue Sharing as a receivable at year end, and to reclassify various equity accounts to breakout prior year non-major business-type activities, as requested by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 1, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The Board of Trustees of the
Township of Marquette, Michigan

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Township of Marquette, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Marquette, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Marquette, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as items 07-01.

This information is intended solely for the use of the Township of Marquette, Michigan Board of Commissioners and management of the Township of Marquette, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company

Anderson, Tackman & Company, PLC